

Analysis

Russia's Policy towards the Countries of South-East Asia and ASEAN: Positive Developments, But an Uncertain future?

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Abstract

Recent trends in Russia's policy towards Southeast Asia provide ample evidence to suggest that Moscow is extending its influence in the region. However, recent and expected developments in South-East Asia do not provide Russia with valid grounds for optimism about further developing its relationships with either individual Southeast Asian states or ASEAN.

The Emergence of the "Russian Factor" in South-East Asia

At the beginning of the 21st century the "Russian factor" has risen to prominence within the strategic landscape of Southeast Asia. This article examines the results of and prospects for Russia's policy in the region, in terms of both bilateral relationships and interaction with the leading regional organization in South-East Asia, the Association of South-East Asian Nations (ASEAN).

Achievements and Problems

The region of Southeast Asia has never been a high priority in Russian foreign policy. For example, even during the period of Soviet-Vietnamese rapprochement (late 1970s–mid 1980s), Moscow was driven more by an "anti-China factor" than an intention to establish itself as an influential regional actor. As a result, by the end of the 1980s relations between the USSR and the non-communist states of Southeast Asia remained underdeveloped, while ties between Moscow and Hanoi were also rapidly weakening. In the initial period following the collapse of the Soviet Union, relations did not dramatically improve. During the 1990s, Russia's policy towards Southeast Asia was reactive rather than proactive, mainly owing to economic difficulties and a lack of continuity in approach.

However, in the first decade of the 21st century, Russia's profile in Southeast Asia has improved considerably. This improving trend is clearly demonstrated in five significant areas:

Firstly, Russia has carved out a niche for itself in the Southeast Asian arms market. At the present time, the number and volume of arms deals between Russia and several Southeast Asian countries are impressive, even by world standards. Notable examples include the \$1.2 billion contract signed by the leaders of Russia and Indonesia, during a visit by President Putin to Jakarta in November 2007, and negotiations between Moscow and Hanoi about Russian assistance in devel-

oping Vietnam's Naval Forces and coastal infrastructure, with a \$1.8 billion deal expected to be signed. There has also been a notable increase in the number of states to whom Russia sells arms. For example, in October 2008 Russia sold several Mi-171 helicopters to Thailand, which represented the first military trade deal between the two states. Also, Russia and Brunei are considering the possibility to conclude an agreement on military cooperation, with prospective arms sales discussed during a meeting between President Medvedev and the Sultan and Prime Minister of Brunei Hassanal Bolkiah in October 2009. In addition to individual deals, Southeast Asian countries' repeatedly express interest in purchasing arms and military technologies from Russia during regular military equipment exhibitions, the most high-profile of which are Defense and Security, Langkawi International Maritime and Aerospace Exhibition (Malaysia) and IndoDefence (Indonesia).

Secondly, Moscow's energy strategy in Southeast Asia has expanded and is proving relatively successful. At the present time, Russian companies are not only participating in a number of oil and gas exploration projects with their traditional partners, but are also assisting Indonesia, Vietnam, Cambodia, Laos, Thailand and the Philippines to build necessary energy infrastructure. In this context, a promising new area of cooperation is the peaceful use of atomic energy between Russia and Indonesia, Vietnam, Myanmar.

Thirdly, significant progress has been made in terms of collaborative projects using and developing innovative technologies. The spheres worth mentioning in this regard are informational technologies (Russia and Malaysia), the production of a vaccine against bird flu (Russia and Indonesia, Vietnam, Thailand) and space research (Russia and Indonesia, Malaysia).

Fourthly, people-to-people contacts between Russians and South-East Asians are on the rise. Since 2006, visa-free or a "relaxed-visa" regimes have been

set up between Russia and most of the Southeast Asian countries.

Fifthly, in addition to improved bilateral relations with the countries of South-East Asia, Russia has vastly expanded the institutional basis of its relations with ASEAN as an organization. Russia acceded to the ASEAN Treaty of Amity and Cooperation and signed a number of declarations aimed at strengthening ties with ASEAN in various fields. The zenith of Russia-ASEAN rapprochement was holding a top-level Summit (December 2005), at which a “Comprehensive Program of Action to Promote Cooperation between the Association of Southeast Asian Nations and the Russian Federation 2005–2015” was adopted.

Against this background, Russia’s policy towards Southeast Asia during the 2000s can be interpreted as coherent and fruitful. However, many problems in Russia’s relations with South-East Asia still exist, which warrant serious consideration. In particular three challenges are key:

Firstly, the level of economic cooperation between ASEAN and Russia remains much lower than that between ASEAN and other major powers. In 2008, ASEAN’s trade with Russia totaled approximately \$11 billion, while the figures for ASEAN’s trade with China and the US were \$231 billion and \$178 billion respectively. The reasons for this are manifold. Traditionally, key segments of business in Southeast Asia have been occupied by Japanese and American companies. At the current time, Chinese and Indian companies are also targeting South-East Asian markets. As a result, Russia has not been able, and is unlikely, to establish a niche for itself in the existing production activities and technological chains. Furthermore, Russian businessmen do not have person-to-person contacts with the heads of local administrations, which complicates obtaining licenses. To compound the problem, the ties between the financial institutions of Russia and the countries of Southeast Asia are rather weak, and as a result cash transactions between Russia and South-East Asian countries are difficult, if not problematic. Last but not least, Russia lacks the so-called “advertising drive” to impact on the South-East Asian market – as a rule, Russian companies do not invest much time or resources into organizing exhibitions, advertising campaigns etc.

Secondly, Russia and ASEAN have encountered serious difficulties in implementing the aforementioned “Program 2005–2015”. Up until now, very few of the program’s aims have been realized. The root cause is the “political” nature of both Russia’s and ASEAN’s

motivation for raising their relationship to a qualitatively new level. Moscow is eager to confirm its status as an influential actor in Asia-Pacific, while ASEAN is busy developing a new system of “strategic checks and balances” *vis-à-vis* its dialogue partners, which include Russia. Against this background, the development of Russia-ASEAN economic cooperation has not been significant. In 2004, before the top-level summit, Russian-ASEAN trade was only \$4.5 billion, which to a considerable extent has predetermined a lack of further progress in economic cooperation in the following years. Owing to this lack of economic development in relations, a second top-level Russia-ASEAN summit has yet to be convened.

Thirdly, Russia’s newly developed position in the Southeast Asian arms market is facing mounting pressure. Russia’s role in the market as a supplier of both aircraft and their associated components is threatened by China’s recent development of fighter aircraft, namely the J-10, J-11 and FC-1, which are cheaper analogues of the Russian Su-27/30 and MiG-29.

Taking these factors into account, it is possible to summarize Russia’s policy in Southeast Asia as producing results that have been mostly positive, but nonetheless leaves a lot of work to be done in order for Moscow to secure its position as an influential power in the region.

Challenges Ahead

The future of Russia’s policy in Southeast Asia should be viewed through the prism of the developments that are taking place in the region and influencing the policies of both individual countries and ASEAN as a multilateral organization. Four developments are particularly significant:

Firstly, in the wake of the global financial crisis, the Southeast Asian countries have adopted anti-crisis strategies, of which the most vital component is expanding their exports. However, Russia does not represent a promising export market for Southeast Asian exports.

Secondly, a pressing challenge for ASEAN in the upcoming years is to build the ASEAN Community (of which there are three pillars: Political-Security, Economic, Socio-Cultural), with the aim set out to complete this by 2015. The most problematic pillar is expected to be the ASEAN Economic Community. To a large extent, its successful development depends on increased cooperation with ASEAN’s dialogue partners. Taking this into account, ASEAN is making every effort to urge China and Japan to fund and implement devel-

opment projects in Indochina. In addition, ASEAN is seeking to raise their level of trade and investment cooperation with other states outside the region. This is vividly exemplified by ASEAN's plans to increase trade with South Korea to \$150 million by 2015. The figures expected for ASEAN-Russia trade pale into insignificance in comparison.

Thirdly, the focus of ASEAN is and will probably remain centered upon issues more pressing than developing relations with Russia. Current trends suggest that ASEAN's image as the "locomotive" of multilateral dialogue platforms in East Asia is slowly but steadily declining. Increasingly, the center of gravity for significant decision-making about East Asian integration has shifted from ASEAN to top-level summits between China, Japan and South Korea. Equally noteworthy is ASEAN's growing dependence on its "northern partners" within the ASEAN Plus Three framework (ASEAN plus China, Japan and South Korea). This was recently illustrated by the creation of a \$120 billion emergency currency pool in ASEAN Plus Three, in which ASEAN only contributed 20% and China, Japan and South Korea provided the other 80%. This problem is further exacerbated by glaring contradictions between the participants of the ASEAN Plus Six negotiations, which comprise ASEAN, China, Japan, South Korea, India, Australia and New Zealand. At the present time, Russia is not expected to be included in either the ASEAN Plus Three or ASEAN Plus Six dialogue platforms. Moscow only participates in the "Trans-Pacific" multilateral dialogue mechanisms, namely, APEC and ASEAN Regional Forum. For ASEAN, the former seems to have lost its significance as a means of strengthening its member-states' econom-

ic competitiveness. The latter has repeatedly proved unable to solve the main problems of Southeast Asia, and it is overly optimistic to assume that ASEAN still holds it in high regard.

Fourthly, in the foreseeable future, Southeast Asia will likely become the site of competition for influence between China and the USA, a factor which further curtails both ASEAN's and Russia's freedom of maneuver.

Taking these four factors into account, it appears that Russia's position in Southeast Asia is facing some serious challenges, and future developments will almost certainly lead to Russia falling further down ASEAN's hierarchy of priorities.

Conclusion

A careful analysis of Russia's policy in Southeast Asia and its prospects for the near future reveals a highly ambiguous picture. On the one hand, Russia has improved its position significantly compared to its role in the region ten or twenty years ago. At the present time, Russia has considerably expanded its base for cooperation with both the individual countries of Southeast Asia and ASEAN, and relations are developing into many new promising spheres. On the other hand, the situation in the region does not appear to be developing in a direction favorable to Russian interests. To compound the problem, the development of a clear and consistent approach from Moscow towards South-East Asia appears to be hampered by an ongoing process of specifying what exactly Russia's interests in the region are and what benefits it is seeking to reap as the result of its efforts.

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